

Milk Pricing

NEWSLETTER



Dairy Marketing Branch, CDFA

February 2005

National Commodity Prices for Butter and Cheese on the Increase . . .

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, and nonfat dry milk, are significant factors in determining the minimum milk price (See *national commodities prices chart on page 2*).

The national commodity price for nonfat dry milk decreased slightly, while Cheddar cheese and Grade A Butter commodity prices recorded increases compared to last month. Consequently, the prices for whole, reduced fat, lowfat, and skim milk all increased: whole milk increased seven and four tenths cents per gallon; reduced fat milk increased seven and six tenths cents per gallon; lowfat milk increased seven and eight tenths cents per gallon; and skim milk increased six and four tenths cents per gallon.

California milk production continues to show increases over last year totals. The commodity price for butter was higher in January as winter weather and its impact on milk production, continued strong cheese production, and schools being back in session following the holidays, had an impact on butter production. With the Super Bowl demand for cheese past, the upcoming Easter holiday season should bring a strong demand for butter and other dairy products.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

**See lowest reported lawful retail milk prices on page 2.*

Minimum Prices for the Four Types of Fluid Milk by Container Size for March 2005

Northern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$1.383	\$0.691	\$0.346	\$0.173	\$0.115	\$0.086
Reduced Fat (2%)	\$1.255	\$0.628	\$0.314	\$0.157	\$0.105	\$0.078
Lowfat (1%)	\$1.180	\$0.590	\$0.295	\$0.148	\$0.098	\$0.074
Nonfat (Skim)	\$0.887	\$0.443	\$0.222	\$0.111	\$0.074	\$0.055
Southern California						
Whole Milk	\$1.406	\$0.703	\$0.352	\$0.176	\$0.117	\$0.088
Reduced Fat (2%)	\$1.279	\$0.639	\$0.320	\$0.160	\$0.107	\$0.080
Lowfat (1%)	\$1.204	\$0.602	\$0.301	\$0.150	\$0.100	\$0.075
Nonfat (Skim)	\$0.911	\$0.455	\$0.228	\$0.114	\$0.076	\$0.057
Price Changes from the Previous Pricing Period						
	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$0.074	\$0.037	\$0.018	\$0.009	\$0.006	\$0.005
Reduced Fat (2%)	\$0.076	\$0.038	\$0.019	\$0.010	\$0.006	\$0.005
Lowfat (1%)	\$0.078	\$0.039	\$0.020	\$0.010	\$0.007	\$0.005
Nonfat (Skim)	\$0.064	\$0.032	\$0.016	\$0.008	\$0.005	\$0.004

California Department of Food and Agriculture (CDFA)

A.G. Kawamura, Secretary

Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California
Phone (916) 341-5988; Website: www.cdfa.ca.gov/dairy; email address: dairy@cdfa.ca.gov

Minimum Prices for the Milk Component of Various Manufactured Dairy Products

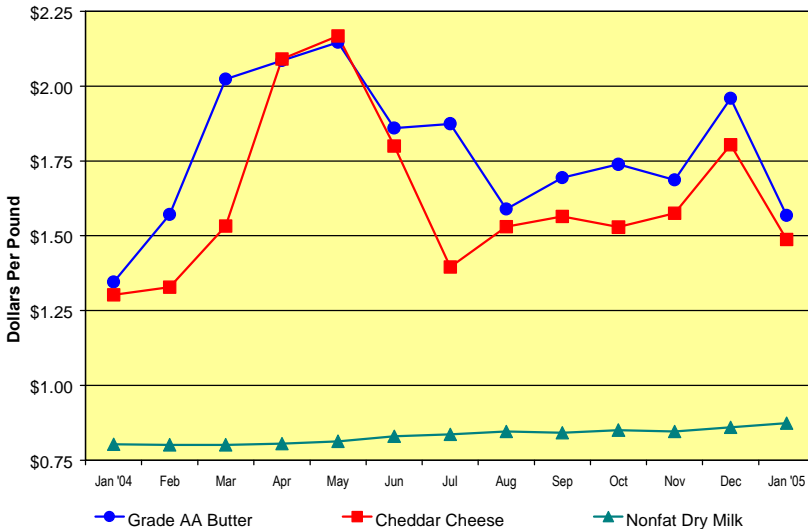
The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

	Lowfat Yogurt (\$/quart)	Super- Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)
Apr '04	\$0.20	\$1.70	\$0.64
May	\$0.20	\$1.70	\$0.64
June	\$0.21	\$1.90	\$0.71
July	\$0.21	\$1.90	\$0.71
August	\$0.21	\$1.68	\$0.63
September	\$0.21	\$1.68	\$0.63
October	\$0.20	\$1.53	\$0.58
November	\$0.20	\$1.53	\$0.58
December	\$0.21	\$1.63	\$0.61
January '05	\$0.21	\$1.63	\$0.61
February	\$0.21	\$1.56	\$0.59

National Commodity Prices January 2004 - January 2005

Grade AA Butter, Block Cheddar Cheese, Nonfat Dry Milk



Lowest Reported Lawful Retail Prices for Milk February 2005

	Two-Pack	Single Gallon
<u>Northern California</u>		
Whole Milk	\$4.69	\$2.35
2% Reduced Fat	\$4.39	\$2.20
1% Lowfat	\$4.39	\$2.20
Nonfat/Skim	\$3.59	\$1.80
<u>Southern California</u>		
Whole Milk	\$4.59	\$2.30
2% Reduced Fat	\$4.29	\$2.15
1% Lowfat	\$4.29	\$2.15
Nonfat/Skim	\$3.47	\$1.74

This newsletter can also be found on our website at:
www.cdfta.ca.gov/dairy/milkpricing.nl.html

In accordance with the California Government Code and ADA requirements, this publication can be made available in an alternative format by contacting Karen Dapper at (916) 341-5988, by email at dairy@cdfta.ca.gov, or by contacting TDD 1-800-735-0193.

California Department of Food and Agriculture
Dairy Marketing Branch
1220 N Street
Sacramento, CA 95814



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